

Message Text

CONFIDENTIAL

PAGE 01 LISBON 03313 01 OF 02 181813Z

46

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SAM-01 IO-13 AF-08 OPIC-03

CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 ACDA-07 SAJ-01 TRSE-00

OMB-01 EB-07 AGR-05 COME-00 SIL-01 LAB-04 CIEP-01

/111 W

----- 068033

P R 181713Z MAY 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 7154

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MOSCOW

AMCONSUL OPORTO

AMEMBASSY PARIS

AMCONSUL PONTA DELGADA

USMISSION NATO

DIA WASHDC

USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 3313

E.O. 11652: GDS

TAGS: PINT, PGOV, PO

SUBJECT: PPD SYG SA CARNEIRO'S ASSESSMENT OF POLITICAL
SCENE

REF: LISBON 3215 (DTG 141521Z MAY 76)

SUMMARY: PPD SYG SA CARNEIRO TOLD ME HE HAD USEFUL
MEETING WITH SOARES MAY 17. PPD WOULD OFFER NEITHER
"SYSTEMATIC SUPPORT NOR SYSTEMATIC OPPOSITION TO
SOCIALISTS." IT WAS PREPARED TO WORK WITH SOCIALISTS
ON INDIVIDUAL ISSUES. PROBLEM AREAS WERE LAND REFORM
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LISBON 03313 01 OF 02 181813Z

AND COLLABORATION IN THE ASSEMBLY. NEW GOVERNMENT WOULD

HAVE TO MAKE IMMEDIATE ECONOMIC DECISIONS WHICH WOULD LEAD TO STRAINS WITHIN SOCIALIST PARTY. PPD WAS GIVING HIGH PRIORITY TO STRENGTHENING ITS CAPACITY IN LABOR AREA. PARTY DID NOT INTEND TO MOVE IETHER TO THE RIGHT OR TO THE LEFT BUT WOULD PROBABLY IMPROVE ITS ORGANIZATION BY CREATING THE POST OF PRESIDENT AND PUTTING AN INTERNAL MANAGER IN SYG POSITION. END SUMMARY.

1. PS-PPD COOPERATION: PPD SYG SA CARNEIRO TOLD ME AT LUNCH MAY 18, THAT HE HAD MET THE DAY BEFORE WITH MARIO SOARES TO DISCUSS PS-PPD COOPERATION. MEETING HAD BEEN HARMONIOUS. SA CARNEIRO TOLD SOARES HE WOULD "NEITHER SYSTEMATICALLY SUPPORT NOR SYSTEMATICALLY OPPOSE SOCIALIST GOVERNMENT." HE WAS RECEPTIVE TO COOPERATING QUIETLY WITH SOCIALISTS. HE FORESAW NO DIFFICULTY IN THE ECONOMIC AREA, THE LABOR AREA, OR IN THE ADMINISTRATION OF GOVERNMENT. STUMBLING BLOCKS WERE LIKELY TO BE AGRICULTURAL REFORM WHERE THE PPD PROGRAM WAS AT SERIOUS VARIANCE WITH THE SOCIALIST POSITION AND THE ASSEMBLY. IN CONNECTION WITH THE LATTER, SA CARNEIRO THOUGHT THE SOCIALISTS' PRINCIPAL PROBLEM WOULD BE IN KEEPING ITS OWN RANKS IN LINE WHEN IT TOOK THE NECESSARY STEPS TO IMPOSE ECONOMIC AUSTERITY. SA CARNEIRO THOUGHT IT GOOD THAT SOARES WAS THINKING OF MOVING SALGADO ZENHA FROM FINANCE TO ASSEMBLY LEADER. SA CARNEIRO CONSIDERS ZENHA A POOR FINANCE MINISTER BUT A POTENTIALLY SKILLFUL FLOOR LEADER. SA CARNEIRO ONLY HALF FACETIOUSLY TOLD SOARES THAT IF IT "WEREN'T FOR THE SOCIALIST PROGRAM THERE WOULD BE NO NEED FOR THE PPD TO EXIST."

2. SOCIALIST GOVERNMENT: SA CARNEIRO THOUGHT THE GOVERNMENT WOULD HAVE TO MOVE IMMEDIATELY ON AN ECONOMIC PROGRAM. RAPID AND FAR-REACHING CHANGES HAD TO BE MADE IN LABOR POLICY, PARTICULARLY ON LAY-OFFS, IF INVESTOR CONFIDENCE IS TO BE RESTORED. THE SOCIALISTS STRATEGY OF WHITTILING THE COMMUNISTS DOWN TO SIZE HAD NOT PRODUCED THE ANTICIPATED ELECTORAL RESULTS, PRINCIPALLY BECAUSE IT HAD NOT BEEN GIVEN ENOUGH TIME TO WORK. THE COMMUNISTS WOULD SEEN ENTER

CONFIDENTIAL

PAGE 03 LISBON 03313 01 OF 02 181813Z

INTO OPEN OPPOSITION AND WOULD CREAT SERIOUS PROBLEMS IN THE LABOR AREA. THE COMMUNISTS ALSO CONTINUE TO HOLD MANY KEY POSITIONS WITHIN THE BUREAUCRACY, PARTICULARLY IN THE CUSTOMS FACILITIES. JUST MAKING THE GOVERNMENT WORK WOULD BE AN ENORMOUS TASK, BUT SOARES HAD THE RIGHT APPROACH IN PLANNING TO SUBSTITUTE A RELATIVELY FEW MEMBER OF PORTFOLIOS FOR THE RIDICULOUS NUMBER THAT NOW EXISTED.

3. PPD STRATEGY: SA CARNEIRO OUTLINED THREE PRIORITIES FOR THE PPD: (A) STRENGTHEN THE PARTY'S INTERNAL STRUCTURE; (B) IMPROVE ITS OVERSEAS CONNECTIONS; (C) DEVELOP A CAPACITY IN THE LABOR AREA. HE LAD LONG FELT THE PARTY WAS TOOD DEPENDENT ON HIM PERSONALLY. HIS PLAN WAS TO CREATE A POST OF PRESIDENT (PRESUMABLY FOR HIMSELF) WHICH WOULD CONCENTRATE EXCLUSIVELY ON POLITICAL AFFAIRS, AND PLACE AN ADMINISTRATOR IN THE POST OF SECRETARY GENERAL. THIS WAS THE MODEL FOLLOWED BY A NUMBER OF EUROPEAN PARTIES. A MAJOR EFFORT WOULD ALSO BE MADE TO CREATE A LABOR BASE FOR THE PPD. THE PARTY HAD ALREADY WON A FEW UNION ELECTIONS AND THOUGHT THAT WITH THE PROPER DEVELOPMENT OF LABOR CADRES IT COULD DIVERSIFY ITS SUPPORT. WHEN I NOTED SPECULATION THAT THE PPD WAS UNDER PRESSURE FROM THE CDS TO MOVE TO THE RIGHT BUT THAT PARTY LEADERS SEEMED TO WANT TO GO TO THE LEFT, SA CARNEIRO SAID THE PPD WAS TURNING NEITHER RIGHT NOR LEFT; IT WAS PLANNING TO MOVE AGGRESSIVELY IN THE LABOR AREA. I AGREED WITH THE IMPORTANCE HE ATTACHED TO LABOR.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 LISBON 03313 02 OF 02 181816Z

46

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SAM-01 IO-13 AF-08 OPIC-03

CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 ACDA-07 SAJ-01 TRSE-00

OMB-01 EB-07 AGR-05 COME-00 SIL-01 LAB-04 CIEP-01

/111 W

----- 068097

P R 181713Z MAY 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 7155

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MOSCOW

AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
USMISSION NATO
DIA WASHDC
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 2 OF 2 LISBON 3313

4. THE PRESIDENCY: I NOTED THAT FEW PEOPLE REALLY KNEW WHAT EANES STOOD FOR. SA CARNEIRO SAID THIS WAS THE RISK IN SUPPORTING A MAN WHO SAID ALMOST NOTHING. EANES' INITIAL INTERVIEW WITH "A LUTA" (REFTEL) STRESSING SOCIALISM AND THE CONSTITUTION WAS A POLITICAL MISSTEP. ONE HAD TO RESPECT THE CONSTITUTION BUT IT WAS NOT NECESSARY TO PUSH IT. THE THREE PARTIES SUPPORTING EANES HAD SET UP A COMMITTEE TO WORK WITH HIM. THIS COWORKING ON THE PROGRAM EANES INTENDS TO ANNOUNCE TOMORROW. IT REMAINS TO BE SEEN WHETHER THE PARTIES' ADVICE WOULD BE HEEDDED. SA CARNEIRO DID NOT CONSIDER EANES A PARTICULARLY STRONG CAMPAIGNER BUT THOUGHT HE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LISBON 03313 02 OF 02 181816Z

WOULD WIN. HE WAS PERPLEXED BY AZEVEDO'S CANDIDACY AND WONDERED WHERE HIS SUPPORT WAS COMING FROM. AZEVEDO FOLLOWERS WERE CLAIMING THE AMERICANS WERE BACKING HIM, WHICH EVERYBODY KNEW TO BE FALSE. HE THOUGHT AZEVEDO WOULD CONDUCT A STRONG ANTI-COMMUNIST CAMPAIGN IN AN EFFORT TO WOO THE DEMOCRATIC PARTIES' MASSES AWAY FROM THEPARTIES' LEADERSHIP.

5. COMMENT: THE MEETING BETWEEN SOARES AND SA CARNEIRO HAD OBVIOUSLY GONE WELL. SA CARNEIRO WAS MORE RELAXED AND CONCILIATORY THAN I HAVE SEEN HIM IN A LONG TIME. I SENSED THAT SOARES HAD HELD OUT TO HIM THE HOPE OF MORE FORMAL COOPERATION BETWEEN THE TWO PARTIES SOMEWHERE DOWN THE ROAD. IN ANY EVENT, SOARES MUST HAVE TURNED ON THE CHARM BECAUSE SA CARNEIRO SEEMED MORE THAN RECEPTIVE TO WORKING WITH SOARES; HIS PRINCIPAL CONCERNS WERE THE SOCIALIST PLATFORM AND THE PARTY'S LEFTWING.

6. SA CARNEIRO'S RESPONSE ON FUTURE PARTY DIRECTIONS IS, OF COURSE, A NON-ANSWER. THE STRESS ON LABOR AND LIMITED COOPERATION WITH SOCIALISTS INEVITABLY IMPLY A TURN TO THE LEFT.
CARLUCCI

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PERSONAL OPINION, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 18 MAY 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: vogelfj
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LISBON03313
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: DG ALTERED PER 78 LISBON 1530
Executive Order: X3
Errors: N/A
Film Number: D760192-0701
From: LISBON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760542/aaaabjzz.tel
Line Count: 220
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 LISBON 3215
Review Action: RELEASED, APPROVED
Review Authority: vogelfj
Review Comment: n/a
Review Content Flags:
Review Date: 12 FEB 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 FEB 2004 by morefirh>; APPROVED <19 AUG 2004 by vogelfj>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PPD SYG SA CARNEIRO'S ASSESMENT OF POLITICAL SCENCE
TAGS: PINT, PGOV, PO, (SA CARNEIRO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006